

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – SEPTEMBER 8, 2004

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Aidan Moore, Chief of Enforcement; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer.
Guests: Michael Goclawski, Law Warehouse.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending 9/5/04 shows retail sales were up 26%, on-premise sales were up around 11.3%, off-premise sales were up 57.1%, and total aggregate sales were up almost 28.5%. The traffic count increased by 31,790, as did the average sales ticket by \$.75.

The W-1 Total Weekly Sales report for the same week confirms total sales compared to the same week last year increased by 28.5% or \$1,892,602, and also were up for the year by 8.13% or \$6,155,159. Wine sales were up 32.1% or \$930,956 for the week, and were up 10.23% or \$3,336,200 for the year. Sales of spirits were also up for the week by 25.6% or \$961,645, as they were year-to-date by almost 6.6% or \$2,818,959.

B. Budget/Administrative Reports:

This was nothing of significance to report regarding outstanding depletions/post-offs or gift cards.

Craig will be attending this morning's Governor and Council meeting in Manchester. The Commission's request for \$70,000 for store relocations and renovations is on the agenda.

Craig will be sending the metrics report to the Commission and Bureau Chiefs at the end of each month.

The Employee Assistance Program has been received back from Health & Human Services. George commented that this program will cost about \$10,000 per year, and will be multi-year, extending to 2007. It will be submitted first to the Attorney Generals Office for approval, and then go to Governor and Council for the September 22nd meeting.

Also on that agenda will be a request for the attorney position, which has been approved by the Division of Personnel at the Attorney II level.

The current W-6 Expense Budget Activity Variance Report for the week ending September 7, 2004 shows the year to be at about 18.9% expired, with total agency expenditures at around 23%. The same accounts, Benefits, Class 50 and Equipment, are being closely monitored. George mentioned that the purchase of the Telzons contributed a large part toward the equipment category. Current Expenses monies are looking good at this point.

A letter was received by OIT quoting a budget reduction of \$100.00. Final input for the budget is due by this coming Friday.

The auditors from KEMG will be in-house today, or shortly thereafter. They will be working here at headquarters for a couple of weeks.

2. IT Report

Howard reported a successful meeting with representatives from Data Capture which supplies the Dolphin equipment. Some final changes are being made to the project to make operations easier for the stores.

Training for the licensing system is taking place over at the Enforcement Bureau this week. This project is due to go live in about a week and a half (Monday, September 20th).

One or two web orders are being paid via credit cards each day. A few minor changes will be made to the program this week.

3. Human Resources Report

Once the Employee Assistance Program contract is approved, representatives will come to speak with the Bureau Chiefs and Evie regarding training so employees will know what services are available.

Work is being done on improving hiring procedures, which Evie will review with the Bureau Chiefs and Commissioners.

The next Sexual Harassment training session will be held at Enforcement on October 20th. Anyone planning to attend that session should let Eddie Edwards know. Another date will be set for some time in November for those employees who have missed the training.

II. MARKETING AND SALES REPORTS

1. Store Operations

The retail stores experienced an increase of 24.56% or \$1,311,090.96 in sales for the week ending 9/5/04. The southbound highway stores did dramatically less business than the northbound ones did. The Bedford store had sales of over \$40,000. Sunday sales were almost back to where they were before the store was closed.

A meeting was held with representatives from Associated Grocers regarding Store #3 in Manchester. They would like to move their offices to the left hand side of the store. The landlord will be approached regarding this.

Peter reported that the area being offered for a potential new store in Northwood might be smaller than what the Commission needs, but is still being considered.

The Merchandising Mania event will be held this coming Friday, September 10 from 7:00 to 10:00 p.m. on the M.S. Mt. Washington.

2. Purchasing Report

Out-of-stocks continue to be a problem in some areas, and work is being done with the brokers involved to resolve them. Grey Goose 750ML is out of stock again, but this hasn't affected the stores yet. Rick Gerrish commented that this product is scheduled for delivery today.

3. Purchasing Report

A. SPIRITS:

1) Test Market Request (Triple Eight Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Commonwealth Wine & Spirits, Inc. for a new test market listing for Triple Eight Vodka, 750ML size (assigned four-digit Code #3927), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Promotions:

a. October/November/December Allied Promotion:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Allied Domecq Spirits and Wine, Ltd., to conduct consumer offer promotions during October, November and December 2004 featuring Canadian Club, Beefeater Gin and Ballantines Scotch, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. November/December Allied Promotion (Kahlua Especial):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Allied Domecq Spirits and Wine, Ltd., for the Commission to make a special purchase of Kahlua Especial, 50ML size to be placed at the store check-out counters during November and December 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. November/December Allied Promotion (Kahlua, Stoli Vodka & Malibu Rum):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Allied Domecq Spirits and Wine, Ltd., to conduct consumer offer promotions during November and December 2004 featuring Kahlua, Stoli Vodka and Malibu Rum, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) New Hampshire State Liquor Commission Wine Tasting:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a wine tasting to be hosted by Horse Power at the Peterborough Town Hall on December 2, 2004 from 5:30 p.m. to 7:30 p.m., as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) New Wine Product Listings:

a. General Distribution – Code #38502:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve full distribution of Code #38502, Pinot Grigio Ruffinoi Lumina, 750ML size, to be available for all stores to order as needed, as this product has earned a gross profit of at least \$6,500.00 at the end of a twelve-month period, the majority of which has been in the retail and on-premise markets, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. General Distribution (11 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve full distribution of eleven (11) wine codes from M.S. Walker, Inc., to be available for all stores to order as needed, each of which has earned a gross profit of at least \$6,500.00 at the end of a twelve-month period, the majority of which have been in the retail and on-premise markets, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Close Out Pricing (Code #1144):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve close out pricing submitted by M.S. Walker, Inc. on Code #1144, Mouton Cadet Gift Packs, 750ML size, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Campo Viejo Sweepstakes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/Allied Domecq Wine & Spirits, to conduct a Campo Viejo sweepstakes during October and November 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Summer Program Results:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission acknowledge the three-month results of the summer 2004 programs, as submitted by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Recommended Wine Specialty Products (17 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve seventeen (17) wine codes to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Not Recommended – Wine Allocation (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny the listing of one (1) wine code to be designated as a wine specialty product, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) Recommended Allocated Wines for Distribution to Selected Stores (16 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve sixteen (16) allocated wines for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

9) “R” Wines for Allocation to Licensees (7 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve seven (7) restricted wines for allocation to licensees selected by the broker, and retail distribution, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – None.

IV. CHAIRMAN’S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated September 2 through September 8, 2004. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other: None.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford